WEEKLY ECONOMIC REVIEW

August 11, 2006

The United States Federal Reserve held its key interest rate steady at 5.25 per cent earlier this week, following 17 consecutive increases. According to the Fed, the pause was due to "economic growth moderating from its strong pace earlier this year". However, the Fed kept its options open to increase interest rates later stating that "some inflation risks remain…and any additional firming needed to address these risks will depend on the outlook for both inflation and economic growth, as implied by incoming information".

Cdn Dollar (C¢/US$)

Aug	11, 2006	89.3¢
Aug	4, 2006	88.7¢
2006-07 YTD		89.0¢

WTI Oil SUS/bbl

Aug	10, 2006	$74.00
Aug	3, 2006	$75.46
2006-07 YTD		$71.94

Nymex Natural Gas CS/mcf*

September Contract

Aug	11, 2006	$8.25
Aug	4, 2006	$8.22

*Estimate based on Nymex Futures Market Price

Alberta's housing market remains strong. Through the first seven months of 2006, housing starts in Alberta averaged 50,000 (seasonally adjusted at annual rate), up 28 per cent from the same period last year, and on pace to surpass the 1978 annual record of 47,925. Growth in house prices in Calgary and Edmonton continues to be leagues ahead of other Canadian metropolitan areas. Calgary's new house price index for June increased 49.2 per cent from last year and Edmonton's advanced 28.1 per cent.

Cost pressures continue to build up in Alberta. In the second quarter of 2006, the price index for non-residential construction increased by 10.3 per cent in Calgary and by 9.8 per cent in Edmonton from the same quarter in 2005.

Oil prices were quite volatile during the week. Early in the week, oil prices nearly reached record highs on news of British Petroleum shutting down the Prudhoe Bay oilfield in Alaska, the largest American oil field. However, thwarted terrorist attacks at London's Heathrow airport caused oil prices to decline US$2.35/bbl, with concerns over lower tourism and jet feul demand.

Economic Indicators Released this Week	Reference Period	Month/Previous Month	Month/Previous Year's Month	Year-to-date[1]
Housing Starts[2]	**July**			
Alberta	49,600	-6.6%	34.4%	28.0%
Canada	236,500	0.0%	-4.8%	5.2%
New House Price Index (1997=100)	**June**			
Alberta	213.8	5.8%	44.6%	31.1%
Canada	151.9	1.5%	10.8%	8.4%
Canadian International Trade ($ Millions)	**June**			
Exports	37,555	1.1%	1.0%	4.0%
Imports	32,807	-0.7%	1.3%	3.0%
Trade Balance	4,748	15.7%	-0.8%	11.2%
Building Permits ($ Millions)	**June**			
Alberta	1,216	25.2%	65.7%	32.1%
Canada	5,346	-1.4%	7.1%	9.1%

Source: Statistics Canada and Canadian Mortgage and Housing Corporation

[1] *Year-to-date 2006 compared to the same time period in 2005. For example: January-June 2006 versus January-June 2005*

[2] *Seasonally Adjusted at Annual Rates*